

# House File 601

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## AN ACT

RELATING TO CAMPAIGN FINANCE, INCLUDING POLITICAL PARTY  
COMMITTEES, CAMPAIGN DISCLOSURE REPORTS, INDEPENDENT  
EXPENDITURES, AND INCOME TAX CHECKOFF PROVISIONS.

1 8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
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1 10 Section 1. Section 56.3, subsection 1, Code 2003, is  
1 11 amended to read as follows:

1 12 1. a. Every candidate's committee shall appoint a  
1 13 treasurer who shall be an Iowa resident who has reached the  
1 14 age of majority. Every political committee, state statutory  
1 15 political committee, and county statutory political committee  
1 16 shall appoint both a treasurer and a chairperson, each of whom  
1 17 shall have reached the age of majority.

1 18 b. Every candidate's committee shall maintain all of the  
1 19 committee's funds in bank accounts in a financial institution  
1 20 located in Iowa. Every political committee, state statutory  
1 21 political committee, and county statutory political committee  
1 22 shall either have an Iowa resident as treasurer or maintain  
1 23 all of the committee's funds in bank accounts in a financial  
1 24 institution located in Iowa.

1 25 c. An expenditure shall not be made by the treasurer or  
1 26 treasurer's designee for or on behalf of a committee without  
1 27 the approval of the chairperson of the committee, or the  
1 28 candidate. Expenditures shall be remitted to the designated  
1 29 recipient within fifteen days of the date of the issuance of  
1 30 the payment.

1 31 Sec. 2. Section 56.5, subsection 2, paragraph d, Code  
1 32 2003, is amended by striking the subsection.

1 33 Sec. 3. Section 56.6, subsections 2 and 5, Code 2003, are  
1 34 amended to read as follows:

1 35 2. If any committee, after having filed a statement of  
2 1 organization or one or more disclosure reports, dissolves or  
2 2 determines that it shall no longer receive contributions or  
2 3 make disbursements, ~~the treasurer of~~ the committee shall  
2 4 notify the board within thirty days following such dissolution  
2 5 by filing a dissolution report on forms prescribed by the  
2 6 board. Moneys refunded in accordance with ~~a dissolution~~  
2 7 ~~statement sections 56.41 and 56.42~~ shall be considered a  
2 8 disbursement or expense but the names of persons receiving  
2 9 refunds need not be released or reported unless the  
2 10 contributors' names were required to be reported when the  
2 11 contribution was received.

2 12 5. a. A committee shall not dissolve until all loans,  
2 13 debts and obligations are paid, forgiven, or transferred and  
2 14 the remaining money in the account is distributed according to  
2 15 ~~the organization statement sections 56.41 and 56.42.~~ If a  
2 16 loan is transferred or forgiven, the amount of the transferred  
2 17 or forgiven loan must be reported as an in-kind contribution  
2 18 and deducted from the loans payable balance on the disclosure  
2 19 form. If, upon review of a committee's statement of  
2 20 dissolution and final report, the board determines that the  
2 21 requirements for dissolution have been satisfied, the  
2 22 dissolution shall be certified and the committee relieved of  
2 23 further filing requirements.

2 24 b. A statutory political committee is prohibited from  
2 25 dissolving, but may be placed in an inactive status upon the  
2 26 approval of the board. Inactive status may be requested for a  
2 27 statutory political committee when no officers exist and the  
2 28 statutory political committee has ceased to function. The  
2 29 request shall be made by the previous treasurer or chairperson  
2 30 of the committee and by the appropriate state statutory  
2 31 political committee. A statutory political committee granted  
2 32 inactive status shall not solicit or expend funds in its name  
2 33 until the committee reorganizes and fulfills the requirements  
2 34 of a political committee under this chapter.

2 35 Sec. 4. Section 56.13, Code 2003, is amended by striking  
3 1 the section and inserting in lieu thereof the following:

3 2 56.13 INDEPENDENT EXPENDITURES.

3 3 1. As used in this section, "independent expenditure"  
3 4 means an expenditure for a communication that expressly  
3 5 advocates the election or defeat of a clearly identified

3 6 candidate or the passage or defeat of a ballot issue that is  
3 7 made without the prior approval or coordination with a  
3 8 candidate, candidate's committee, or a ballot issue committee.

3 9 2. An individual who meets all of the following criteria  
3 10 shall file an independent expenditure statement:

3 11 a. The individual is not a candidate.

3 12 b. The individual is acting independently and not in  
3 13 coordination with another individual, organization, or  
3 14 committee.

3 15 c. The individual makes one or more independent  
3 16 expenditures in excess of seven hundred fifty dollars in the  
3 17 aggregate to advocate the election or defeat of one or more  
3 18 candidates or the passage or defeat of one or more ballot  
3 19 issues.

3 20 3. a. Any combination of two or more individuals, or a  
3 21 person other than an individual, that makes one or more  
3 22 independent expenditures in excess of seven hundred fifty  
3 23 dollars in the aggregate to advocate the election or defeat of  
3 24 one or more candidates or the passage or defeat of one or more  
3 25 ballot issues shall file an independent expenditure statement.

3 26 b. Sections 56.5, 56.5A, 56.6, and 56.7 shall not apply to  
3 27 persons meeting the requirements of paragraph "a".

3 28 c. This subsection shall not apply to a candidate,  
3 29 candidate's committee, state statutory political committee,  
3 30 county statutory political committee, or a political  
3 31 committee.

3 32 4. a. An independent expenditure statement shall be filed  
3 33 within forty-eight hours of the making of an independent  
3 34 expenditure in excess of seven hundred fifty dollars in the  
3 35 aggregate.

4 1 b. An independent expenditure statement shall be filed  
4 2 with the board and the board shall immediately make the  
4 3 independent expenditure statement available for public  
4 4 viewing.

4 5 c. For purposes of this section, an independent  
4 6 expenditure is made at the time that the cost is incurred.

4 7 5. The independent expenditure statement shall contain all  
4 8 of the following information:

4 9 a. Identification of the individuals or persons filing the  
4 10 statement.

4 11 b. Description of the position advocated by the  
4 12 individuals or persons with regard to the clearly identified  
4 13 candidate or ballot issue.

4 14 c. Identification of the candidate or ballot issue  
4 15 benefited by the independent expenditure.

4 16 d. The dates on which the expenditure or expenditures took  
4 17 place or will take place.

4 18 e. Description of the nature of the action taken that  
4 19 resulted in the expenditure or expenditures.

4 20 f. The fair market value of the expenditure or  
4 21 expenditures.

4 22 6. Any person making an independent expenditure shall  
4 23 comply with the attribution requirements of section 56.14.

4 24 7. a. The board shall develop, prescribe, furnish, and  
4 25 distribute forms for the independent expenditure statements  
4 26 required by this section.

4 27 b. The board shall adopt rules pursuant to chapter 17A for  
4 28 the implementation of this section.

4 29 Sec. 5. Section 56.20, Code 2003, is amended to read as  
4 30 follows:

4 31 56.20 RULES PROMULGATED.

4 32 ~~The director of revenue and finance, in co-operation with~~  
4 33 ~~the director of the department of management and the ethics~~  
4 34 ~~and campaign disclosure board,~~ shall administer the provisions  
4 35 of sections 56.18 to 56.26 and ~~they~~ shall promulgate all  
5 1 necessary rules in accordance with chapter 17A.

5 2 Sec. 6. Section 56.22, subsection 2, Code 2003, is amended  
5 3 to read as follows:

5 4 2. Funds distributed to statutory political committees  
5 5 pursuant to this chapter shall not be used to expressly  
5 6 advocate the nomination, election, or defeat of any candidate  
5 7 during the primary election. Nothing in this subsection shall  
5 8 be construed to prohibit a statutory political committee from  
5 9 using such funds to pay expenses incurred in arranging and  
5 10 holding a nominating convention.

5 11 Sec. 7. Section 56.23, Code 2003, is amended to read as  
5 12 follows:

5 13 56.23 FUNDS == CAMPAIGN EXPENSES ONLY.

5 14 1. The chairperson of the state statutory political  
5 15 committee shall produce evidence to ~~the director of revenue~~  
5 16 ~~and finance and the ethics and campaign disclosure board not~~

5 17 later than the twenty=fifth day of January each year, that all  
5 18 income tax checkoff funds expended for campaign expenses have  
5 19 been utilized exclusively for campaign expenses.  
5 20 2. The ethics and campaign disclosure board shall issue,  
5 21 prior to the payment of any money, guidelines ~~which that~~  
5 22 explain which expenses and evidence thereof qualify as  
5 23 acceptable campaign expenses.  
5 24 3. Should the ethics and campaign disclosure board ~~and the~~  
5 25 ~~director of revenue and finance~~ determine that any part of the  
5 26 funds have been used for noncampaign or improper expenses,  
5 27 ~~they the board~~ may order the political party or the candidate  
5 28 to return all or any part of the total funds paid to that  
5 29 political party for that election. When such funds are  
5 30 returned, they shall be deposited in the general fund of the  
5 31 state.

5 32 Sec. 8. Section 56.43, subsection 1, Code 2003, is amended  
5 33 to read as follows:

5 34 1. a. Equipment, supplies, or other materials purchased  
5 35 with campaign funds or received in-kind are campaign property.

6 1 b. Campaign property belongs to the candidate's committee  
6 2 and not to the candidate.

6 3 c. Campaign property ~~which that~~ has a value of five  
6 4 hundred dollars or more at the time it is acquired by the  
6 5 committee shall be separately disclosed as committee inventory  
6 6 on reports filed pursuant to section 56.6, including a  
6 7 declaration of the approximate current value of the property.  
6 8 ~~Such The campaign~~ property shall continue to be reported as  
6 9 committee inventory until it is disposed of by the committee  
6 10 or until the property has been reported once as having a  
6 11 residual value of less than one hundred dollars. ~~However,~~  
6 12 ~~consumable~~

6 13 d. Consumable campaign property is not required to be  
6 14 reported as committee inventory, regardless of the initial  
6 15 value of the consumable campaign property. "Consumable  
6 16 campaign property", for purposes of this section, means  
6 17 stationery, yard signs, and other campaign materials ~~which~~  
6 18 ~~that~~ have been permanently imprinted to be specific to a  
6 19 candidate or election.

6 20 Sec. 9. CODE EDITOR DIRECTIVE. The Code editor shall move  
6 21 and renumber chapter 56 as chapter 68A, and shall change all  
6 22 references to chapter 56 appropriately throughout the Code.  
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6 26 \_\_\_\_\_  
6 27 CHRISTOPHER C. RANTS  
6 28 Speaker of the House  
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6 31 \_\_\_\_\_  
6 32 MARY E. KRAMER  
6 33 President of the Senate

6 34 I hereby certify that this bill originated in the House and  
6 35 is known as House File 601, Eightieth General Assembly.

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7 5 MARGARET THOMSON  
7 6 Chief Clerk of the House

7 6 Approved \_\_\_\_\_, 2003

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7 10 THOMAS J. VILSACK  
7 11 Governor